

NSC BRIEFING

28 January 1959

INDONESIA

- I. President Sukarno been holding talks this month with political and military leaders on drastic reorganization and expansion of parliament as another move toward "guided democracy."
 - A. Sukarno, cabinet and army favor legislative body with one-half of its strength composed of appointed "functional" representatives i.e., representatives of such groups as army, labor, youth and veterans.
 - B. Political parties--including Communists--favor considerably smaller number functional representatives.
 - C. According Prime Minister Djuanda, major purpose of Sukarno's plan is to permit holding elections now scheduled for 1960 while at same time reducing Communist strength in parliament.
 - D. Sukarno has also convinced cabinet that country should return to 1945 Constitution, highly flexible document giving considerable power to executive.
- II. Government continues to be dominated by three personalities of President Sukarno, Army Chief of Staff General Nasution, and Prime Minister Djuanda.
 - A. The three appear to work well together and, despite rumors of Djuanda's resignation or Nasution's replacement, no firm indication that any change is imminent.

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25 YEAR RE-REVIEW

2. Sukarno is also reconsidering his long postponed trip to Latin America.

III. The Army continues its strong political role although it apparently received warning not to overstep bounds in December from Sukarno.

A. So-called "barter scandals" involving high level army officers engaged in illegal trade arrangements appear so far to have been effectively controlled and not to have had snow-balling effect on army prestige.

B. Army's promptness in taking action against key officers and its insistence that corrupt civil officials be prosecuted as well as those in military appear to have avoided any major military shake-up.

IV. Although army has long since announced provincial rebellions crushed in Sumatra and Celebes, guerrilla warfare in those areas continues.

A. In North Celebes, dissident activity has increased in recent months,

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C. Dissidents in Sumatra are estimated to have about 10,000 men under arms, opposed by some 6,000 government troops.

D. In North Celebes, dissidents are estimated to have approximately 5,000 men to government's 8,000.

V. Military and technical aid from Sino-Soviet bloc continues to arrive in Indonesia.

A. Latest estimate of delivered bloc military equipment as follows:

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|---|----------|
| IL-28 jet bombers | 20 |
| MIG-17 jet fighters | 35 to 45 |
| MIG-15 jet trainers | 20 |
| IL-10 piston ground attack bombers | 5 to 10 |
| IL-14 transports | 20 |
| TS-8 piston trainers | 20 |
| Helicopters | a few |
| Subchasers | 8 |
| Some smaller landing craft | |
| A few rocket launchers, infantry weapons, and 4,000 jeeps | |

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C. Bloc personnel in Indonesia are estimated at 270 economic and 150 military as follows:

| | |
|----------------------|----------------|
| Economic (270) | Military (150) |
| 150 Soviets | 120 Soviets |
| 60 Czechs | 30 Czechs |
| 40 East Germans | |
| 5 Chinese Communists | |
| 30 others | |

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- VIII. Indonesian economic situation continues poor. Inflation continues; internal distribution is faulty resulting in shortage of consumer goods; prospect is for further reduction in foreign exchange earnings--the last caused by decrease in both quality and quantity of Indonesian agricultural products and decline in world market prices.
- A. Indonesian rupiah, officially rated at 11.8 to US dollar is bringing approximately 90 to dollar on Hong Kong market.
 - B. Provincial rebellion aggravates economic situation by further disrupting internal distribution and production and is, in itself, heavy drain on government funds.
 - C. Economic conditions create opportunities for Communist exploitation.

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